Supreme Court, U.S.
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No. 02-841

IN THE

Supreme Court of the United States

JACK MACKIE,

Petitioner,

v.

BONNIE RIESER; SEATTLE SYMPHONY ORCHESTRA PUBLIC BENEFIT CORPORATION, a Washington nonprofit corporation,

Respondents.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

BRIEF IN OPPOSITION

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QUESTIONS PRESENTED

Respondent Seattle Symphony Orchestra Public Benefit Corporation (the "Symphony") used a series of collage artworks in its season ticket brochure for the 1996/1997 season and various other print materials distributed to Symphony patrons. One particular collage incorporated a photograph of a portion of Petitioner's sculpture, "The Dance Steps" without his permission. Petitioner sued the Symphony and Respondent Rieser (a graphic artist who provided the collage artwork) for copyright infringement. Because the Respondents did not dispute the infringement of Petitioner's copyright, the district court merely decided the amount of damages to be awarded to Petitioner. In its rulings, the district court held that Petitioner failed to demonstrate a tangible nexus between the infringing use and the Symphony's revenues and therefore denied any claims for infringer's profits, and awarded Petitioner $1,000 in actual damages. The Ninth Circuit Court of Appeals affirmed.

The Petition raises the following issues:

1. Whether the Ninth Circuit has decided an important question of federal law that has not been, but should be, settled by this Court, or has decided an important federal question in a way that conflicts with relevant decisions of this Court.

2. Whether the Ninth Circuit's longstanding rule regarding the quantum of causation necessary to obtain indirect profits damages is proper, which requires that a copyright holder present non-speculative evidence to prove the amount of revenue that is attributable to the infringement.

3. Whether the district court's damage award was properly decided by determining the market value of the use of Petitioner's work.

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STATEMENT OF THE CASE AND CLARIFICATION OF RECORD

Some of the "facts" recited in the Petition bear little resemblance to the record facts below. However, The United States Court of Appeals for the Ninth Circuit accurately sets forth the pertinent facts related to the granting of summary judgment and the damage award. [Petition Appendix pp. 3a-7a.] Briefly stated, in 1978, Petitioner and Chuck Greening created a publicly owned artwork embedded in the sidewalk known as "The Dance Steps" in a Seattle neighborhood. "The Dance Steps" consists of eight schematic diagrams that depict the basic steps of various popular dances and are based on the "how-to" instructions that were popularized by the late Arthur Murray and his chain of dance studios. Petitioner waited until 1998 (twenty years after the creation) to apply for copyright registration.

In late 1995 — approximately three years prior to Petitioner's application for copyright registration — Respondent Rieser created eleven images for use in the Symphony's 1996/1997 season ticket brochure, playbills, and note cards. Only one of the eleven images used was an image of "The Tango," a dance step depicted in "The Dance Steps" artwork.

The Symphony incorporated Respondent Rieser's artwork into a twenty-four page promotional brochure. The collage, using an image of "The Tango," appeared on page twelve of the brochure.[1] Petitioner learned about the

1. This contradicts Petitioner's "facts" when he states that "[t]he doctored image dominated the part of the brochure . . ." [Petition p. 3] The collage produced by Respondent Rieser was the only image on page 12 of the 24 page brochure.

unauthorized use of "The Tango." He filed a copyright infringement suit against both Respondents, seeking actual damages that included a hypothetical royalty payment, compensation for the loss of future employment opportunities, and the recoupment of revenues that the Symphony generated during the 1996-97 season by appropriating "The Tango."[2]

Following discovery, the Symphony moved for partial summary judgment on the issue of Petitioner's demand for indirect profits. The Symphony argued that Petitioner failed to establish a direct link between the infringing use and any revenue - noting that Petitioner's damages expert had testified that it was impossible to determine how much revenue could be traced to the infringing artwork.[3]

After noting that indirect profits awards pursuant to § 504(b) are rare, the district court concluded that the expert's deposition testimony and accompanying report were too "speculative" as a matter of law to support an award. The district court noted the damages analysis was nothing more than "an estimate (based upon multiple estimates) of how many sales [of] the 1996-97 Pops series resulted from the Symphony's season brochure." [Petition Appendix pp. 20a-21a.]

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2. Petitioner also demanded profits for future seasons, arguing that many future patrons subscribed to the Symphony performances because of the infringing collage.

3. This contradicts Petitioner's "facts" when he states that "the Courts below deleted from consideration the substantial amount of income known to have been generated." [Petition p. 3.] Furthermore, no records show that any new sales were attributable to the brochure as argued by Petitioner. [Petition p. 4.]

At trial, Respondents did not dispute that they infringed Petitioner's unregistered copyright but challenged the amount of actual damages[4] that should be awarded to Petitioner. Petitioner testified that he objected to how the Respondents divorced "The Tango" from its original artistic context and, as a consequence, he would have demanded a royalty of approximately $85,000 in a putative pre-infringement negotiation and $100,000 in damages because of harm to his reputation and future commissions.

During cross-examination, however, Petitioner and his testifying experts admitted that all of his damages were based upon pure speculation and that Petitioner had previously given permission for others to use images of "The Tango" without payment of a royalty.

Following trial, the district court issued findings of fact and conclusions of law. The district court concluded that Petitioner presented no persuasive evidence that the Respondents' use of "The Tango" image caused any lost commissions or other opportunities to license the use of his work or damage to Petitioner's professional reputation. The district court then employed a hypothetical negotiation analysis to determine what a willing buyer would pay a willing seller for the use of "The Tango." The district court concluded that Petitioner would have received a $1,000 royalty from the Symphony and awarded him damages in that amount plus statutory litigation-related costs. [Petition Appendix p. 29a.]

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4. Petitioner was unable to seek or recover statutory damages under the Copyright Act. Though Petitioner co-created "The Dance Steps" in 1981, he did not apply for registration with the Copyright Office until October 13, 1998. As a result of his delay in registration, Petitioner is statutorily barred from recovering statutory damages under the Copyright Act. 17 U.S.C. § 504(b).

Petitioner appealed the order granting summary judgment in favor of the Symphony on the issue of indirect profits and the judgment of damages awarded to The Ninth Circuit Court of Appeals. After considering the briefs and oral argument, The Ninth Circuit affirmed the district court's orders and findings. [Petition Appendix p. 13a.]

REASONS FOR DENYING THE PETITION

I. Petitioner Has Not Articulated A Compelling Reason To Justify Discretionary Review By This Court.

"Review on a Writ of Certiorari is not a matter of right, but of judicial discretion." Sup. Ct. R. 10. "A petition for a Writ of Certiorari will be granted only for compelling reasons." *Id.* Petitioner has not presented any compelling reason for this Court to exercise discretionary jurisdiction over the district court's grant of summary judgment or its damage award and the Ninth Circuit's affirmation of the district court's rulings. Petitioner has not claimed that there is a division between the circuits on these issues because one does not exist. Petitioner merely complains that he should be entitled to more money even though he and his experts admit they do not have any proof of any damages.

II. The District Court And The Ninth Circuit Correctly Determined That Petitioner Failed To Prove That Any Revenue Was Caused By The Infringement.

Section 504(b) of the Copyright Act provides the sole means to obtain monetary remedies for an infringement plaintiff who, like Petitioner, has failed to register his copyright before infringement:

> The copyright owner is entitled to recover the actual damages suffered by him or her as a result of the

> infringement, and any profits of the infringer *that are attributable to the infringement* and are not taken into account in computing the actual damages. In establishing the infringer's profits, the copyright owner is required to present proof only of the infringer's gross revenue, and the infringer is required to prove his or her deductible expenses and the elements of profit attributable to factors other than the copyrighted work.

17 U.S.C. § 504(b) (*emphasis added*).

Petitioner agrees with the Ninth Circuit and other circuit courts, which have held that causation should be a threshold requirement for copyright owners attempting to obtain indirect profits.[5] [Petition p. 7]; *Mackie v. Rieser*, 296 F.3d 909, 915-16 (9th Cir. 2002); *Univ. of Colo. Found. v. Am. Cyanamid Co.*, 196 F.3d 1366, 1375 (Fed. Cir. 1999) (holding that the plaintiff has the "burden" to demonstrate a nexus between the infringement and the indirect profits before

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5. Direct profits are the direct result of selling the infringing goods. Because the infringer's revenue comes directly from the sale of the infringing goods, causation is inherently proven (*i.e.*, the revenue could not exist without the sale of the infringing goods). Indirect profits, as the name implies, are not the result of the sale of the infringing goods, rather they are downstream benefits resulting from an inherently tenuous connection between the use of the infringing work and any increased revenue. Absent some direct proof that the increased revenue can be attributed to the use of the infringing work (*i.e.*, surveys, customer interviews, *etc.*), the fact finder must necessarily speculate as to whether any revenue is to be attributed to the infringing use. As a result, this Court should not consider the award of indirect profits without the plaintiff's proof that the use of the infringing work is in fact the proximate cause of any alleged increased revenue.

apportionment can occur); *Bus. Trends Analysts, Inc. v. Freedonia Group, Inc.*, 887 F.2d 399, 404 (2d Cir. 1989) (holding that a plaintiff can recover indirect profits in the form of "value received from an infringing product used to enhance commercial reputation" if it first demonstrates that "the amount of an award is based on a factual basis rather than undue speculation") (*internal quotation marks omitted*); *Estate of Vane v. The Fair, Inc.*, 849 F.2d 186, 189-90 (5th Cir. 1988) (affirming district court's refusal to award indirect profits damages allegedly resulting from infringing use of photographic slides in advertising); *Taylor v. Meirick*, 712 F.2d 1112, 1122 (7th Cir. 1983) (noting in direct profits context that "[i]f General Motors were to steal your copyright and put it in a sales brochure, you could not just put a copy of General Motors' corporate income tax return in the record and rest your case for an award of infringer's profits."). One of the leading treatises on copyright law also favors an inquiry into the causal relationship between infringement and profits before apportionment can occur. *See* 4 M. Nimmer, *Nimmer on Copyright*, § 14.03[A], at 14-29 (2001) ("When an infringer's profits are only remotely and speculatively attributable to the infringement, courts will deny recovery to the copyright owner.").

Petitioner sought to collect the Symphony's revenue from 1996-1997 concert subscription sales but failed to demonstrate that any revenues were attributable to page 12 of the 24-page brochure (the location of the infringing artwork). Even Petitioner's expert could not understand how one could distinguish revenue generated from the artwork included in the brochure from the revenues generated by other aspects of the brochure. Petitioner also ignores the fact that the Symphony's subscription sales are the result of the quality of music produced by the Symphony and other factors — not the artwork on the middle page of some mass mailing.

Therefore, because Petitioner failed to establish any causal relationship between Symphony patrons purchasing tickets to the concert series and a mass mailing of a brochure, which contained one infringing illustration out of eleven in total, Petitioner has failed to meet his burden pursuant to Fed. R. Civ. P. 56(c). Accordingly, the district court's summary judgment finding and the Ninth Circuit's affirmation of the summary judgment did not create a judicial exception to normal tort law and were in fact appropriate.

III. The District Court And The Ninth Circuit Correctly Applied The Proper Measure To Determine Petitioner's Actual Damages — The Market Value Of The Lost Use Fee For The Unauthorized Use Of An Image Of Petitioner's Sculpture.

Petitioner fails to provide any reason why, under Sup. Ct. R. 10, this Court should grant his petition on the measure of actual damages issue. Indeed, Petitioner ignores the last sentence of the Rule, as he argues that the courts below used erroneous factual findings (where they found no damage to his reputation) or misapplied a properly stated rule of law (Petitioner seems to argue that the courts below applied the proper test in measuring actual damages, but simply ignored an aspect of the test).

Petitioner apparently agrees that the courts below used the correct test to measure his actual damages,[6] but he argues that an additional, subjective element is to be read into what

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6. Petitioner erroneously refers to the test as one of "constructive license" when in fact it is the typical hypothetical test of market value used widely in a variety of valuation contexts from real estate and business valuations to implied licenses in patent infringement cases.

has consistently been held to be an objective test. The district court correctly applied the "willing buyer/willing seller" test to determine the fair market value of the unauthorized use of an image of Petitioner's sculpture, citing as authority *United States v. King Features Entertainment, Inc.*, 843 F.2d 394, 400 (9th Cir. 1988). The Ninth Circuit confirmed this test, citing *Frank Music Corp. v. Metro-Goldwyn-Mayer, Inc.*, 772 F.2d 505 (1985) (quoting *Sid & Marty Krofft Television Prods., Inc. v. McDonald's Corp.*, 562 F.2d 1157, 1174 (9th Cir. 1977)). *Mackie v. Rieser*, 296 F.3d 909, 917 (9th Cir. 2002). The willing buyer/willing seller test is necessarily an objective one, as courts and commentators have acknowledged.

Under the Copyright Act, an infringer is liable for the copyright owner's actual damages. 17 U.S.C. § 504(b). Because Congress did not define "actual damages" in the Copyright Act, *see, e.g., Deltak, Inc. v. Advanced Sys., Inc.*, 767 F.2d 357, 361 (7th Cir. 1985); 3 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* § 14.02 at 14-6 (1984), courts have fashioned tests for determining actual damages.

A good summary of these tests is found in *Quinn v. City of Detroit*, 23 F. Supp. 2d 741, 750 (E.D. Mich. 1998), where the court observed the widespread application of a "value of use" measure under certain circumstances:

> While the Copyright Act does not define "actual damages," courts generally have characterized actual damages as the loss suffered by a plaintiff. The primary method courts have chosen for calculating actual damages consists of equating actual damages of a plaintiff with the amount by which the market value of the copyrighted

> work has been injured or destroyed due to the infringement. *See In Design v. K-Mart Apparel Corp.*, 13 F.3d 559, 563 (2d Cir. 1994); . . .
>
> Some courts have developed an alternative method for calculating actual damages to protect a plaintiff in situations where an infringement results in neither a profit to the infringer nor a quantifiable loss to the owner. In such cases, courts apply the "value of use" theory, which is essentially an implied license theory. *See Steven Greenberg Photography v. Matt Garrett's of Brockton*, 816 F. Supp. 46, 49 (D. Mass. 1992); *See also* 4 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* § 14-02[A] (1995). The value of use is equal to what a willing buyer would have been reasonably required to pay to a willing seller for the plaintiff's work or, in other words, what the cost of a license for use of the work would have been. *Sid & Marty Krofft Television Productions, Inc. v. McDonald's Corp.*, 562 F.2d 1157, 1174 (9th Cir. 1977).

Petitioner incongruously asserts that the willing buyer/ willing seller test "does not depend upon the subjective volition by the infringer," but argues that the subjective aesthetic feelings of the copyright holder should be recognized. [Petition pp. 10-11.]

None of the cases Petitioner cites support this untenable proposition; they are either inapposite or point out the fallacy of his approach. In *Johnson v. Jones*, 149 F.3d 494 (6th Cir. 1998), the court did not even award actual damages because plaintiff's actual damages claim was "wholly speculative."

Johnson v. Jones, 149 F.3d at 507. *Johnson*, therefore, is irrelevant to any understanding of the willing buyer/willing seller test. So too, Petitioner's reliance on *Jefferson v. Johnson Publishing, Inc.*, 1992 W.L. 318615 (N.D. Ill. 1991), is misplaced, because *Jefferson* also does not deal with the willing buyer/willing seller test, or with monetary damages at all; the sole concern of the *Jefferson* court was the need for injunctive relief.

Petitioner also cites *Gilliam v. American Broadcasting Companies*, 538 F.2d 14 (2d Cir. 1976), but Gilliam simply forecloses Petitioner's arguments. In *Gilliam*, the Second Circuit confirmed that United States copyright law does not afford the artist general protection for moral rights, which includes misrepresentations or modifications of the work:

> American copyright law, as presently written, does not recognize moral rights or provide a cause of action for their violation, since the law seeks to vindicate the economic, rather than the personal, rights of authors.

538 F.2d at 24.

Dr. Seuss Enterprises, L.P. v. Penguin Books USA, Inc., 109 F.3d 1394 (9th Cir. 1997), did indeed hold that a publisher could enjoin the infringement of its copyright from publication in a crime novel, but it is merely another case demonstrating that a copyright owner can obtain an injunction to prohibit future infringement and has nothing to do with how a copyright owner is compensated for actual infringement. *Dr. Seuss Enterprises*, like *Jefferson v. Johnson*, dealt only with the issue of whether the plaintiff could obtain injunctive relief, not with measuring monetary damages.

Walt Disney Productions v. Air Pirates, 581 F.2d 751 (9th Cir. 1978) has no discernable relevance to the issue before this Court. *Nothing* in that opinion discussed the appropriate calculation of actual damages. The court never referenced any "special interest" the copyright owner might have because the infringing book was "ribald." In fact, the court explicitly stated that it did not consider damages: ". . . the amount of damages and reasonable attorney's fees to be paid to Disney was submitted to a magistrate for preliminary assessment. Only the question of defendants' liability is before us." *Id.* at 754.

Harolds Stores Inc. v. Dillard Dept. Stores, 82 F.3d 1533, 1547 (10th Cir. 1996), does deal with the calculation of damages, but in that case, the plaintiff was awarded damages because there was admissible evidence in the form of survey results and expert testimony, substantiating injury to goodwill, reputation, and sales to future and prospective customers. *Harolds Stores*, 82 F.3d at 1547. Petitioner, however, ignores the findings of the district court, confirmed by the Ninth Circuit, that there was no such finding of injury in this case. *Mackie v. Rieser*, 296 F.3d at 913.

Petitioner also ignores the many patent cases that confirm that the willing buyer/willing seller test is an objective test (in the patent context, the test is one of the factors to be considered in determining a statutory royalty fee). *See, e.g., Georgia Pacific Corp. v. United States Plywood Corp.*, 318 F. Supp. 1116, 1121 (S.D.N.Y. 1970).

Petitioner's attempt to include the artist's personal subjective aesthetic considerations in the willing buyer/willing seller test would result in a test far too speculative to pass judicial muster. Not only is there no support for Petitioner's proposed test, there is no notable conflict in the way different circuits apply the current test. The courts below correctly applied the willing buyer/willing seller test as an objective one, rejecting Petitioner's only evidence in support of a higher measure of damages — his testimony that he "disliked" the use to which his copyrighted material was put. *Mackie v. Rieser*, 296 F.3d at 917.

The ancient Romans observed the uniqueness of the phenomenon of aesthetic taste, leaving us with the proverb, "DE GUSTIBUS NON DISPUTANDUM EST" — *there is no accounting for tastes*.[7] Inserting a totally subjective aesthetic factor into the willing buyer/willing seller test would strip from the trier of fact the ability to view, weigh, and consider proffered contrary evidence. Indeed, there could be no contrary evidence. One cannot dispute another's aesthetic beliefs any more than one can dispute another's religious beliefs. Not surprisingly, Petitioner has cited not one case supporting the adoption of his unworkable subjective standard. There is therefore no reason for this Court to accept review of this issue.

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7. Bartlett, John, *Familiar Quotations*, 133/17, Little Brown & Co., Boston (1980).

CONCLUSION

Because Petitioner has not presented any compelling reason for this Court to exercise discretionary jurisdiction over the district court's grant of summary judgment or its damage award and the Ninth Circuit's affirmation of the district court's rulings, the Petition should be denied.

Respectfully submitted,

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